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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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:  
In re: :  
: : Chapter 11  
DELPHI CORPORATION, et al., : : Case No. 05-44481 [RDD]  
: :  
: :  
Debtors. : : Jointly Administered  
:  
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**JOINT STIPULATION AND AGREED ORDER  
COMPROMISING AND REDUCING PROOF OF  
CLAIM NUMBER 10490 (DONALDSON COMPANY, INC.)**

Delphi Corporation ("Delphi") and certain of its subsidiaries and affiliates, including Delphi Automotive Systems LLC ("DAS LLC"), debtors and debtors-in-possession in the above-captioned cases (the "Debtors") and Donaldson Company, Inc. ("Claimant") respectfully submit this Joint Stipulation And Agreed Order Compromising And Reducing Proof Of Claim Number 10490 (the "Stipulation") and agree and state as follows:

**WHEREAS**, on October 8, 2005 (the "Petition Date"), the Debtors filed voluntary petitions under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended, in the United States Bankruptcy Court for the Southern District of New York; and

**WHEREAS**, before the petition date, Claimant incurred debt owing to DAS LLC in the amount of \$222,098 for services and/or goods provided (the "Payable"); and

**WHEREAS**, before the petition date, DAS LLC incurred debt owing to Claimant in the amount of \$577,853 for services and/or goods provided by Claimant to DAS LLC (the "Receivable"); and

**WHEREAS**, on July 24, 2006, Claimant filed proof of claim number 10490, (the "Claim") against DAS LLC; and

**WHEREAS**, the Claim asserts an unsecured nonpriority claim in the amount of \$561,223.87 secured by a right of setoff; and

**WHEREAS**, on September 21, 2007, the Debtors objected to the Claim pursuant to the Debtors' Twenty-First Omnibus Objection Pursuant To 11 U.S.C. Section 502(b) And Fed. R. Bankr. P. 3007 To (A) Duplicate or Amended Claims, (B) Untimely Equity Claim, (C) Insufficiently Documented Claims, (D) Claims Not Reflected On Debtors' Books And Records, (E) Untimely Claims, And (F) Claims Subject To Modification, Tax Claim Subject to Modification, And Modified Claims Asserting Reclamation (Docket No. 9535) (the "Twenty-First Omnibus Claims Objection"); and

**WHEREAS**, the Debtors and Claimant have reconciled all applicable prepetition invoices and determined that the Receivable owing to Claimant is greater than the payable owing to DAS LLC.

**WHEREAS**, Claimant anticipates receiving a cure payment in the amount of \$24,822.28 (the "Cure Payment") for the assumption of contract D0550075010.

**WHEREAS**, to resolve the Twenty-Third Omnibus Claims Objection with respect to the Claim, Claimant and DAS LLC have agreed to enter into a settlement agreement (the "Settlement Agreement").

**WHEREAS**, DAS LLC is authorized to enter into the Settlement Agreement either because the Claims involve ordinary course controversies or pursuant to that certain Order Under 11 U.S.C. §§ 363, 502, And 503 And Fed. R. Bankr. P. 9019(b) Authorizing Debtors To Compromise Or Settle Certain Classes Of Controversy And Allow Claims Without Further Court Approval (Docket No. 4414) entered by this Court on June 29, 2006.

**WHEREAS**, after arm's length negotiations, DAS LLC and Claimant have reconciled the amounts of the Receivable and the Payable, and determined that this reconciliation results in a balance due by DAS LLC.

**WHEREAS**, pursuant to the Settlement Agreement, Claimant acknowledges and agrees that the Claim shall be reduced and allowed, resulting in a balance owing to Claimant of \$310,932.58.

**NOW, THEREFORE**, in consideration of the foregoing, the Debtors and Claimant stipulate and agree as follows:

The Claimant shall have an allowed general unsecured nonpriority claim  
against DAS LLC in the amount of \$310,932.58.

**[signatures concluded on following page]**

Dated: New York, New York  
January 29, 2008

DELPHI CORPORATION, et al.  
Debtors and Debtors-in-Possession,  
By their Bankruptcy Conflicts Counsel,  
TOGUT, SEGAL & SEGAL LLP,  
By:

/s/ Neil Berger  
NEIL BERGER (NB-3599)  
A Member of the Firm  
One Penn Plaza, Suite 3335  
New York, New York 10119  
(212) 594-5000

Dated: Minneapolis, Minnesota  
January 29, 2008

DONALDSON COMPANY, INC.  
By:

/s/ James M. Infanger  
JAMES M. INFANGER, Esq.  
1400 W. 94<sup>th</sup> Street  
Minneapolis, Minnesota 55431  
(952) 887-3081

**SO ORDERED**

This 31st day of January, 2008  
in New York, New York

/s/ Robert D. Drain  
HONORABLE ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE